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Update on the UNDP Business Plans, 2000-2003

Contents

		Paragraphs	*Page*
I.	Introduction	1 -3	2
II.	Results achieved in 2001	4 - 26	2
	A. Policy	4 – 7	2
	B. Partnerships	8 – 11	3
	C. People	12 – 17	4
	D. Performance	18 – 24	6
	E. Financial resources	25 – 26	7
III.	Priorities for 2002	27	8

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I. Introduction

1. At the first regular session of the Executive Board in 2001, the Administrator presented the first implementation status of the Business Plans, 2000-2003 (DP/2001/CRP.2). The initiatives in 2000 were aimed at creating the foundations on which the new UNDP will be built, with emphasis on restructuring and downsizing, team-building and establishing a performance-based culture.

2. In 2001, efforts have been directed towards institutionalizing the change, driving it down to all layers in the organization, with a special focus on improving performance in the country offices. The corporate plan for 2001 ensured that bureaux, units and country offices addressed specific priorities for the year.

3. The sections below contain an account of the key results achieved in 2001.

II. Results achieved in 2001

A. Policy

4. The transformation of the Bureau for Development Policy (BDP) is the key to strengthening the policy capacity of UNDP and bringing world-class practical policy support where it is the most needed – in the programme countries. The transformation effort has proceeded as planned with streamlining, rationalization and decentralization of the functions and staff of the Bureau. As part of this effort, 13 staff were redeployed to the field and one of the core programmes, the Office to Combat Desertification and Drought (UNSO), was relocated to Nairobi. A few delays have been registered in the recruitment and outposting of policy specialists to the country offices; however, despite these delays, targets for 2001 will be met with 31 specialists outposted. The total number of staff at headquarters has been reduced by 39 per cent and further reductions and outposting will take effect in 2002.

5. ***Practice areas***. Six practice areas have been defined for the organization: democratic governance; poverty reduction; crisis prevention and recovery; information and communication technology; energy and environment; and HIV/AIDS. Several initiatives are under way to reinforce country-office alignment with these areas. Bureau Directors have been appointed "champions" to help to advocate for, promote and implement specific practice areas. A strategy is currently being defined to pilot a selected number of practice areas and BDP, the regional bureaux and country offices will implement it jointly.

6. ***Thematic trust funds***. Thematic trust funds have been established to attract additional funding to UNDP in the six practice areas, with a view to facilitating greater substantive alignment of UNDP activities around those themes. They offer a range of activities within specific service lines, with each service line representing a particular mix of policy and institutional responses to a particular development challenge. The facility allows programmable funds, not readily available either from regular (core) resources or from other multi-bi funding at the country level, to be channelled into a consistent set of development interventions across countries and

regions. In this respect, resource allocation will follow, among other things, needs-based criteria, with particular focus on the least developed countries (LDCs) and the Africa region. Donors have responded positively to the establishment of thematic trust funds and resource mobilization efforts are under way across the range of thematic trust funds.

7. ***Knowledge networks***. The concept of knowledge networking is being grounded in the organization. Thirty-seven knowledge networks are currently active. Seven of these networks represent core thematic networks for UNDP: governance, poverty, environment, information technology for development, HIV/AIDS, micro-finance and national human development reports. In addition, the seven networks and the seven established subregional facilities (SURFs) in Addis Ababa, Bangkok, Beirut, Bratislava, Harare, Kathmandu and Port-of-Spain are moving towards service agreements between BDP and the regional bureaux. Two other SURFs, in Dakar and Panama, have just been established and will become operational in 2002. A recent survey of performance of the SURFs and the knowledge networks shows a relatively high and growing rate of satisfaction from clients. The growing rate of satisfaction seems to represent an enhancement in the way UNDP staff are using these networks. Several networks have evolved from their original question-and-answer format to discussions of policy issues, workshops and other features that bring members closer together as a professional community. Future efforts to strengthen this trend are foreseen and will be reflected in the knowledge-management strategy being prepared.

B. Partnerships

8. UNDP has strengthened its working relationship with the United Nations Development Group (UNDG) through active participation in the programme and management groups established by UNDG. The overall mandate of these groups is to reinforce the capacity of UNDG to deliver significant results towards integrated follow-up to global conferences and the development goals set out in the Millennium Declaration. In 2001, UNDP chaired the Management Group, with a focus on harmonizing personnel and financial policies, strengthening the system for appraising resident coordinator performance and developing common services. Individual resident coordinator performance is now appraised on an exceptional basis by members of the United Nations System Chief Executive Board for Coordination; self-assessment of the United Nations country team was implemented and is reported upon through the annual report exercise.

9. UNDP has continued to be proactive in its cooperation with the United Nations system and the Bretton Woods institutions. A series of initiatives are under way to support the Secretary-General's global compact and take it to the local level. UNDP is also actively involved in the preparation of the Conference on Financing for Development, to be held in March 2002. As regards the Bretton Woods institutions, a working group has been established to monitor progress on the Comprehensive Development Framework (CDF), the Poverty-Reduction Strategy Papers (PRSPs) and the cooperation between the World Bank and UNDP at the country level. In addition, research was conducted to compile and review recent developments in UNDP partnerships with international financial institutions (IFIs) at the country level, including the World Bank, the International Monetary Fund

(IMF), the African Development Bank and the Asian Development Bank, particularly as it relates to mobilization efforts. Several activities have been undertaken to build country-office capacity for the implementation of development projects financed by IFI loans. In order to make relevant information available to all country offices, the Bureau for Resources and Strategic Partnerships (BRSP) has created special web pages exclusively devoted to UNDP partnerships and resource mobilization with IFIs (http://www.undp.org/partnerships).

10. A partnership facility was created as a flexible mechanism to support the transformation of UNDP into a more outward-oriented organization that seeks to create strategic cooperation and partnerships with external groups in order to leverage influence and impact. The main objectives of the facility are to develop new partnerships and strengthen those that already exist at the country level. UNDP mobilized $450 000 for the facility, which allows for flexible, rapid disbursement of small amounts of catalytic funding to country offices. The high demand from country offices reveals a growing need to support non-traditional partnerships, involving the private sector and civil society together with the United Nations system and the Bretton Woods institutions. BRSP is supporting country offices in capturing substantive achievements in this area for useful and replicable lessons on the development and management of partnerships.

11. A partnership survey was designed and conducted as a pilot programme in 17 countries. Survey questions targeted specific areas of UNDP performance, including image/perception, partnering, organizational effectiveness and responsiveness. Seventy-five per cent of the respondents, including governments, bilateral organizations, other United Nations organizations, IFIs, civil society and the private sector reported that UNDP had a positive image in the country. A large majority (76 per cent) indicated that UNDP was a valuable partner. A need for improvement was noted in the areas of organizational effectiveness and responsiveness. Only 52 per cent of the respondents had a positive assessment of UNDP operational performance although an improvement was noted over the last two years in the following areas: contribution to aid coordination; capacity-building; and participatory processes. Responsiveness and client orientation emerged as a weak area with 38 per cent of respondents expressing a positive opinion. At least half of the respondents noted an improvement over the last two years in the following areas: national ownership of UNDP programmes (60 per cent); contribution to aid coordination (59 per cent); and overall efficiency of the UNDP office (57 per cent). UNDP will carry out a second phase of the survey in 2002, extending the number of countries surveyed to 35.

C. People

12. Full implementation of the major corporate human resources initiatives identified in 2000 began in 2001 with the objective of downsizing and renewing the workforce, aligning staff competencies to organizational requirements, and reinforcing a culture of performance and accountability.

13. As part of the downsizing and workforce renewal exercise, particular attention was given to balancing the need to recruit staff with new profiles and retain staff with a proven performance record. A new generation of 19 professionals has been hired through the Leadership Development Programme (LEAD) and a recruitment plan is in place for 2002, through which an additional 20 candidates will be selected. Downsizing, through a large-scale voluntary separation package, resulted in 415 agreed separations in country offices, with an additional 20 planned for year-end. The regular support budget of country offices for posts and operating costs was reduced by 15 per cent. It should be noted, however, that through a shift from core to non-core financing, the absolute number of national officers actually increased, with the majority of the reductions in the General Service category. At headquarters, it is unlikely that the target of 25 per cent staff reduction will be met by end-2001. The net reduction is estimated at approximately 22 per cent, with measures in place to attain the target during 2002.

14. Competency-based approaches to the management of UNDP human resources has become a cornerstone of matching people with functions and thereby aligning the workforce profile with organizational requirements. One important element of this focus on competencies has been the introduction of competency-based assessments for the selection of candidates for the LEAD Programme, operations management and the resident coordinator function. Since December 1998, about 193 individuals have participated in the Resident Coordinator Assessment Centre, which was enhanced to reflect the evolving role of the resident coordinator, including a greatly increased emphasis on humanitarian, emergency and security issues. Sitting and former resident coordinators must now be successfully assessed to remain eligible for resident coordinator positions. In September and October 2001, for the first time, a limited number of candidates from outside the United Nations system were assessed; the results were good. An assessment centre for the selection and development of deputy resident representatives is being developed for 2002 and will play a vital role in succession planning.

15. Staff performance is continuously being evaluated through the results and competency assessment (RCA), which has been redesigned in 2001 to strengthen results orientation and better define competencies and development needs required to achieve these results. The 360-degree feedback system, designed to strengthen performance and accountability, has been introduced and 255 senior staff (117 at headquarters and 138 in country offices) have gone through the exercise. The exercise will continue for country offices into 2002.

16. The Virtual Development Academy, a web-assisted learning and certification programme, was formally launched in 2000, with the objective of aligning the skills of UNDP staff with the evolving needs of the new UNDP. A 12-month course, mostly online, was prepared and launched in May 2001; participants are required to spend five hours per week on their assignments. Ninety-one UNDP mid-career level staff are currently enrolled and receive instruction in the UNDP practice areas as well as in management and advanced information technology and in human rights and gender, cross-cutting themes. The Virtual Development Academy also addresses other management areas, including leadership and people management and consulting for development. The high level of importance attached to this initiative by both senior management and mid-career level staff has helped in the participation and attendance in project activities.

17. In May 2001, the Executive Team approved an internal communication strategy and endorsed a proposed plan of action. Some of the elements of the action plan include: staff information meetings on country office re-profiling; development of communication support package for resident representatives; increased awareness of 360-degree feedback; and preparation of the global staff meeting. In order to make communication and knowledge-sharing more effective, UNDP has acquired a new intranet and Internet portal system that will make the organization's Internet presence more consistent, functional and user-friendly. It will also allow staff – in country offices as well as at headquarters – to share information and knowledge quickly and efficiently on the Internet.

D. Performance

Corporate performance

18. Positioning results at the centre of UNDP business has been a major concern over the past few years. A simplification exercise was conducted in 2001 to interconnect programme, management, and performance-assessment instruments. The objective is for country offices to use a single results-based management system to plan, monitor, and report on most aspects of their work. As part of the effort, country programme documents, strategic results frameworks (SRFs) and project documents have been streamlined and simplified.

19. While the SRF helps to plan for development outcomes, management results are now captured through the scorecard/management-results framework. The scorecard/management-results framework consists of 17 indicators that provide a view of the overall country office performance by integrating financial measures with other key performance indicators (policy, learning, stakeholder perspectives, internal business processes). More work has to be done to achieve the objective of a truly integrated management system, particularly as it relates to increasing the synergies between management-results framework and the SRF and the choice of a common automated platform.

20. In order to reinforce the dual accountability system of performance between headquarters and country offices, the scorecard/management-results framework applies to both. In addition, to improve the quality of services that headquarters performs for country offices, a survey of headquarters products and services was conducted in 2001 for the second time and is becoming an annual feature to assess headquarters performance. Results of the survey are analysed systematically and servicing units are requested to develop strategies to bring about improvement in deficient areas.

21. As part of the simplification exercise, a specific project is being undertaken to re-engineer business processes and design an information and communication technology (ICT) strategy that responds to the needs of the new UNDP. The objective is to strengthen the UNDP network of country offices through reliable and efficient tools to communicate and share data, experience and knowledge. The project will link business needs to the next generation of ICT systems and strengthen UNDP capacity to deliver top-quality services globally. The ICT strategy, finalized in 2001, covers the period 2002-2005. One of the assumptions behind the strategy is that country offices must have full connectivity. As a

result of a concerted effort over the past few months, 102 country offices now have access to the minimum standard of 64 kbps (kilo bits per second) bandwidth, with another 31 now upgrading their connectivity.

Country office performance

22. Country office performance was a top priority for the organization in 2001. The New Horizons initiative helped to align the structures and capacity of country offices with the transformational agenda set out in the Business Plans. With this initiative, a special package of corporate support was provided to country offices, including budgetary allocations for staff training and separation packages, Internet connectivity, and rapid deployment of staff to cover transfers or separations, etc. Through savings and reprioritization, a total of $14 million has been disbursed for country office support. Over 125 support missions were fielded and more than 600 staff were trained on re-profiling techniques. As a result, all country offices have now internalized the vision of the Business Plans and reorganized themselves to contribute to the 5 corporate priorities on policy, partnerships, people, performance and resources.

23. An immediate consequence of the re-profiling missions has been the alignment of the human and financial resources of the country offices with the service lines of the new UNDP business model: (a) coordination with the United Nations system; (b) advocacy and advisory services; and (c) development services. Cuts in posts and the job fairs held to match appropriate skills to the new service lines have been an integral part of the alignment effort. Management and staff had to deal with a certain amount of stress and anxiety, particularly in view of potential job losses and the uncertainties of a rapidly changing work environment. However, individual accounts of personal experiences show that the transparent and participatory nature of the exercise has also generated a strong sense of purpose and empowerment among staff. On the financial side, the accent put on the need to reduce operational costs to an appropriate level has been an added incentive for country offices to cost their services appropriately; a substantial increase in the cost-recovery scheme was registered in 2001. Lastly, through its participatory nature and the use of internal resources to carry out the re-profiling missions, the exercise has strengthened staff capacity in the area of organizational development, resulting in the creation of a strong, internal consulting capacity both at headquarters and in country offices that can be tapped in the future.

24. During the same period, regional bureaux have identified strategic areas of performance for which support was needed in selected country offices. Targeted support is being given to these countries and needs are monitored on a continuous basis.

E. Financial resources

25. The resources situation in relation to the multi-year funding framework is dealt with in detail in document DP/2001/25. The projections for 2002 and 2003

have been adjusted in view of the low levels of voluntary contributions to regular resources in 1999 and 2000. However, it should be noted that UNDP has now reversed the earlier downward trend in voluntary contributions and the contributions in 2001are expected to reach approximately $670 million, representing 4 per cent more than the contributions received in 2000. In addition, some donors have advanced their payment schedule and contributions were received earlier, leading to improved cash-flow for UNDP. A positive trend was also registered in non-core contributions, with projections of $1.22 billion for cost-sharing income, or an increase of 7 per cent over the income in 2000. In relation to the funding of transformation initiatives under the Business Plans, UNDP has been able to mobilize over $9 million of the estimated $13 million required from donors, with additional commitments of funding from the Governments of Canada, Finland, the Netherlands, Norway, Sweden, Switzerland and the United Kingdom.

26. The 2002-2003 support budget has been prepared with the objective of aligning resources with the goals and priorities of the Business Plans, 2000-2003. Given the tight regular resource situation for UNDP, this has meant cutting capacity. However, this was not done through across-the-board cuts, highly strategic choices have been made to implement reductions where possible and reinvest the savings where they will yield optimal results for the organization. In formulating the estimates for the budget for the biennium 2002-2003 (DP/2001/21), resources have therefore been deployed to the following areas: re-profiling of country offices and headquarters; new recruitment; and improved tools, including those for information and communication technology.

III. Priorities for 2002

27. The first two years of implementation of the Business Plans have focused heavily on the internal reforms necessary to build the new UNDP. Special emphasis was given to downsizing, restructuring and aligning resources and staff capacities with organizational requirements both at headquarters and in country offices. Work started on that front will be consolidated in the coming years with the re-engineering of business processes and the development of a new information and communication technology platform. In 2002, continued strong emphasis will be placed on improving performance of country offices and headquarters in delivering quality services, with special attention to substantive support in the UNDP practice areas.